

DKT. NO.: HHD-CV-15-6061373-S

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| STATE OF CONNECTICUT | : | SUPERIOR COURT |
| ELECTIONS ENFORCEMENT | : | |
| COMMISSION | : | JUDICIAL DISTRICT OF |
| <i>PETITIONER,</i> | : | |
| | : | HARTFORD |
| | : | |
| v. | : | |
| | : | |
| CONNECTICUT DEMOCRATIC STATE | : | |
| CENTRAL COMMITTEE | : | |
| <i>RESPONDENT</i> | : | JUNE 15, 2016 |

JOINT MOTION FOR STIPULATION FOR JUDGMENT

WHEREAS the parties to this action have agreed to and have signed the attached Stipulation for Judgment, petitioner, the State Elections Enforcement Commission ("SEEC") of the State of Connecticut and the Connecticut Democratic State Central Committee ("DSCC"), hereby move this Court to grant this motion and enter the Stipulation for Judgment. The Stipulation for Judgment will resolve the remaining issues in the Complaint, entitled *State Elections Enforcement Commission v. Connecticut Democratic State Central Committee*, Docket No. HHD-CV-15-6061373-S.

PETITIONER
STATE OF CONNECTICUT ELECTIONS
ENFORCEMENT COMMISSION

RESPONDENT
CONNECTICUT DEMOCRATIC STATE
CENTRAL COMMITTEE

BY: /s/ Maura Murphy Osborne
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dgolub@sgtlaw.com

CERTIFICATION

I hereby certify that a copy of the foregoing was served via electronic mail, this 15th day of June, 2016 to:

David S. Golub, Esq.
Silver Golub & Teitell, LLP
184 Atlantic Street
Stamford, CT 06901
dgolub@sgtlaw.com

/s/ Maura Murphy Osborne
Maura Murphy Osborne
Assistant Attorney General

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STIPULATED JUDGMENT AND SETTLEMENT AGREEMENT

AGREEMENT entered into this 15th day of June, 2016 by and between the State of Connecticut Elections Enforcement Commission (“SEEC”), and the Connecticut Democratic State Central Committee (“DSCC”), the Dan Malloy for Connecticut Candidate Committee (“Malloy Committee”).

WHEREAS, on October 17, 2014, a Complaint was filed with the SEEC by Jerry Labriola, SEEC File No. 2014-126, contending that the DSCC and the Malloy Committee violated Connecticut campaign finance laws in regard to the use of the DSCC federal account in coordination with a state candidate participating in the state’s voluntary clean election program to gather contributions and make expenditures on behalf of a state candidates during the 2014 Gubernatorial campaign (“the Labriola Complaint”); and

WHEREAS, from approximately January 2013 through December 2014, the DSCC reported receiving approximately \$5,280,000 in total contributions into the DSCC Federal Committee, and some of those contributions to the DSCC Federal Committee

were from contributors who would not be allowed to contribute to the DSCC State Committee; and

WHEREAS, the SEEC is currently investigating the Labriola complaint and allegations that the DSCC and its agents and the Malloy Committee acted in coordination to solicit funds into the DSCC Federal Committee and make expenditures from the DSCC Federal Committee to support the Gubernatorial candidate, including: several electioneering communication mailers featuring Dannel P. Malloy; candidate support services; polling services and data; and payment of personnel salaries; and

WHEREAS, the DSCC and the Malloy Committee assert that all solicitations and expenditures by the DSCC Federal Committee were made in compliance with federal law; and

WHEREAS, the SEEC has commenced an action in the Superior Court for the Judicial District of Hartford entitled *State of Connecticut Elections Enforcement Commission v. Connecticut Democratic State Central Committee*, Dkt. No. HHD-CV-15-6061373-S, seeking to compel the DSCC's compliance with a subpoena issued in the investigation of the Labriola Complaint; and

WHEREAS, the DSCC has commenced an action in the Superior Court for the Judicial District of Hartford entitled *Connecticut Democratic State Central Committee v. State of Connecticut Elections Enforcement Commission*, Dkt. No. HHD-CV15-6061345-S, seeking declaratory rulings on the preemptive scope of federal law as to Connecticut campaign finance laws; and

WHEREAS, the parties agree on the importance of affirming Connecticut's campaign finance laws now and in the future and recognize that continuing litigation

may undermine the Citizens' Election Program; and

WHEREAS, the parties believe it is possible to resolve their disputes and their pending litigation by voluntary agreement to a future course of conduct that is consistent with Connecticut's landmark public financing program and the 2005 campaign finance reforms adopted by the Connecticut legislature and championed by the Democratic Party, and in accord with this Stipulated Judgment and Settlement Agreement.

NOW THEREFORE, in recognition of the above, the parties have entered into the following terms and conditions to resolve their pending disputes and litigation and establish a basis for their future conduct, as follows:

1. DEFINITIONS

The following definitions apply to capitalized terms wherever those terms appear in this Settlement Agreement:

1.1 The term "Agreement" means this Stipulated Judgment and Settlement Agreement.

1.2 The term the "SEEC" means the State of Connecticut Elections Enforcement Commission, its commissioners, staff attorneys, investigators, other employees and agents.

1.3 The term the "DSCC" means the "Democratic Party of Connecticut," "Democratic Party" and the Democratic State Central Committee. All of which are the political party and party committee organized according to party rules filed with Connecticut's Secretary of the State. The term also includes the State Committee and the Federal Committee.

1.4 The term "Malloy Committee" means the "Dan Malloy for

Connecticut” Candidate Committee and includes its candidate, treasurer, officers, employees and/or other agents acting on behalf of the committee.

1.5 The term “Connecticut Law” means the Connecticut General Statutes, including Chapter 9 of the Connecticut General Statutes and all implementing regulations, Declaratory Rulings and Advisory Opinions issued by the SEEC, and statutes related thereto that are necessary for the regulation and implementation of Connecticut’s campaign finance laws, as amended from time to time.

1.6 The term “FECA” or “the Act” means the Federal Election Campaign Act of 1971, 52 U.S.C. § 30101 et seq., as amended.

1.7 The term “Federal Law” means the FECA and its implementing regulations and statutes related thereto that are necessary for the implementation of federal campaign finance laws, as amended from time to time.

1.8 The term “Expenditures on Behalf of State or Local Candidates” means expenditures that are subject to Connecticut Law, including but not limited to Connecticut Campaign Finance Law, and are required to be paid for in accord with Connecticut Law.

1.9 The term “Expenditures with Respect to Election to Federal Office” means those expenditures required to be made exclusively from an account of a Federal Committee or for which Federal Law permits allocation between a Federal Committee account and a State Committee Account.

1.10 The term “Dual Purpose Expenditures” means those expenditures that are both Expenditures on Behalf of State or Local Candidates and Expenditures with Respect to Election to Federal Office.

1.11 The term “Dual Purpose Expenditures for Communications Without a Clearly Identified Federal Candidate” means those expenditures for communications that are broadcast by radio, television, other than by public access channel, or by satellite communication or via the internet, or as a paid-for telephone communication or that appears in the newspaper magazine or on a billboard, or is sent by mail and that includes a clearly identified State or Local Candidate, but does not include any clearly identified Federal Candidate.

1.12 The term “State or Local Candidate” means those candidates that are covered by Connecticut General Statutes § 9-600.

1.13 The term “State Committee” means a committee registered with the SEEC as reflected in its Form 2 dated March 29, 1999 and amended from time to time including October 25, 2013 and December 23, 2013, its agents, successors and assigns, its officers and its associated bank accounts, which are disclosed and reported to the SEEC, and which is operated by the DSCC; and

1.14 The term “Federal Committee” means a committee registered with the Federal Election Commission (“FEC”) as federal committee C00167320 in the Statement of Organization amended January 29, 2015, its agents, successors and assigns, its officers and its associated bank accounts that are disclosed and reported to the Federal Election Commission, and which is operated by the DSCC;

1.15 The term “Federal-Only Account” means a bank account established or controlled by the DSCC Federal Committee into which the DSCC may deposit any contributions made in compliance with Federal Law, including those solicited or received from any individual, person or entity that is a “Prohibited State Contributor.”

1.16 The term “State-Only Account” means a bank account established or controlled by the DSCC State Committee into which the DSCC may deposit any contributions made in compliance with Connecticut Law, including those solicited or received from any individual, person or entity that is a “Prohibited Federal Contributor.”

1.17 The term “Prohibited State Contributor” means an individual, person or entity prohibited from contributing to a State Committee under Connecticut Law.

1.18 The term “Prohibited Federal Contributor” means an individual, person or entity prohibited from contributing to a Federal Committee under Federal Law.

1.19 The term “Compliant Account” means a single separate bank account established and controlled by the DSCC which: (a) is completely segregated from other bank accounts established or controlled by the DSCC and that is subject to both Connecticut and Federal Law; (b) does not receive transfers of funds from the Federal Committee or a Federal-Only Account; (c) makes solicitations and receives contributions in full compliance with Federal Law and Connecticut Law; (d) makes expenditures in full compliance with Federal and Connecticut Law; (e) reports to the FEC as part of the Federal Committee as required by Federal Law; (f) reports to the SEEC as part of the State Committee as required by Connecticut Law, and (g) is subject to the jurisdiction of both the FEC and the SEEC.

1.20 The term “Contribution Certification Card” means a document that contains all information necessary for establishing compliance with the contribution reporting requirements of Connecticut Law including the name of a contributor’s employer and the contributor’s status as a lobbyist or principal of a state contractor, and that is maintained by a party committee as required by General Statutes § 9-608,

as amended from time to time, a sample of which is provided by the SEEC.

1.21 The term the “Labriola Complaint” means the Complaint filed with SEEC by Jerry Labriola on October 17, 2014 and docketed as SEEC File No. 2014-126.

1.22 The term the “SEEC Subpoena Enforcement Action” means the action to enforce an investigatory subpoena brought by the SEEC against the DSCC in the Superior Court for the Judicial District of Hartford on or about August 6, 2015, entitled *State of Connecticut Elections Enforcement Commission v. Connecticut Democratic State Central Committee*, Docket No. HHD-CV-15-6061373-S.

1.23 The term the “DSCC Declaratory Judgment Action” means the action for declaratory relief brought by the DSCC against the SEEC in the Superior Court for the Judicial District of Hartford on or about August 5, 2015, entitled *Connecticut Democratic State Central Committee v. State of Connecticut Elections Enforcement Commission*, Docket No. HHD- CV-15-6061345-S.

2. STATEMENT OF AGREED PRINCIPLES

2.1 Connecticut has addressed corruption and the appearance of corruption within its state government with a series of campaign finance reforms. In 2005, the Connecticut legislature responded to corruption within state and local government by enacting comprehensive campaign finance reform legislation that altered the way state and local officials could raise campaign funds and limited the ability of special interest groups to coordinate with state and local candidates and their party committees. As part of Connecticut’s response to corruption scandals and in an effort to expand electoral choices, the Connecticut General Assembly enacted Public

Act 05-5—An Act Concerning Comprehensive Campaign Finance Reform for State-wide Constitutional and General Assembly Offices (“2005 Reform Act”)—during a special session in December 2005. This 2005 Reform Act instituted the landmark public campaign financing system, the Citizens’ Election Program (the “CEP”), banned certain state contractor and state lobbyist contributions and implemented certain anti-circumvention rules.

2.2 A cornerstone of Connecticut’s legislative response to Connecticut’s history of state and local corruption were “pay-to-play laws” that limited contributions from state contractors and lobbyists. The “pay-to-play laws” are central to the Connecticut’s voluntary, clean money, full public financing program—the CEP. Under the CEP, eligible campaigns agree to raise and spend only small dollar donations from people, a certain percentage of whom must live within the district, and the public grant. Campaigns voluntarily agree to forego contributions from special interest donors in exchange for public funds to fund their campaigns. In so agreeing, the campaign may not accept money from state contractors of either the legislative or executive branch and voluntarily agree to abide by strict expenditure limits.

2.3 The DSCC affirms its commitment, now and in the future, to complying with Connecticut Law with respect to the election of candidates for state and local office, including when making Dual Purpose Expenditures, by foregoing campaign activity that, although permitted under Federal Law, may violate Connecticut Law.

2.4 The SEEC and the DSCC agree that through the use of a Compliant Account it is possible to fully comply with both Federal Law and Connecticut Law with respect to Dual Purpose Expenditures.

3. TERMS OF AGREEMENT

3.1 EXPENDITURES ON BEHALF OF STATE OR LOCAL CANDIDATES.

The DSCC shall make Expenditures on Behalf of State or Local Candidates in compliance with Connecticut Law from a State-Only Account or the Compliant Account.

3.2 FUNDING OF DUAL PURPOSE EXPENDITURES.

The DSCC shall either fully fund all of its Dual Purpose Expenditures from its Compliant Account; or, when such allocation is permitted under both Connecticut and Federal law, it may allocate Dual Purpose Expenditures among its Federal-Only Account(s), State-Only Account(s) and its Compliant Account in accord with both Connecticut and Federal Law. Any such allocation must ensure that the pro rata share of the Dual Purpose Expenditure that is on behalf of a State or Local candidate is funded from the DSCC's Compliant Account or State-Only Account based upon a reasonable time/space ratio. The DSCC shall timely comply with any request by the SEEC for information regarding any allocation of a Dual Purpose Expenditure that is directed to either the DSCC State Committee or Federal Committee or Federal Account.

If the DSCC makes an allocation between a Federal-Only Account and, either, the State-Only or the Compliant Account, for a Dual Purpose Expenditure that is also a communication, a copy of said communication shall be provided to the SEEC at the time that the expenditure is due to be reported to the FEC under to federal law. A description of the allocated shares paid by each account shall accompany the copy of the communication provided to the SEEC. The SEEC shall have jurisdiction to inquire and investigate allocation of the pro rata share of a State or Local Candidate between a Federal-Only

Account and, either, the State-Only or Compliant Account. In the event the SEEC investigates or inquires into the DSCC's allocation(s) of the pro rata share(s) of a State or Local Candidate(s) for Dual Purpose Expenditures, the SEEC and DSCC shall meet and confer in good faith pursuant to paragraph 3.8 of this Agreement to attempt to resolve any differences regarding said allocation(s) prior to the SEEC bringing a proceeding in Superior Court for contempt or breach of this Stipulated Judgment and Settlement Agreement.

3.3 FUNDING OF DUAL PURPOSE EXPENDITURE FOR COMMUNICATIONS WITHOUT A CLEARLY IDENTIFIED FEDERAL CANDIDATE.

The DSCC shall fund any Dual Purpose Expenditure For Communications Without a Clearly Identified Federal Candidate exclusively from its Compliant Account.

3.4 ESTABLISHMENT AND MAINTENANCE OF THE COMPLIANT ACCOUNT.

The DSCC shall establish the Compliant Account within thirty (30) days of the Effective Date of this Agreement. The Compliant Account must be funded with "fresh funds," raised in full compliance with Connecticut Law and Federal Law. Amounts raised into the Compliant Account shall count against the annual contribution limits under both Connecticut Law and Federal Law for both the State Committee and the Federal Committee. The SEEC shall have jurisdiction to investigate and inquire into the establishment and maintenance of the Compliant Account.

3.5 DISCLOSURE, INSPECTION, RECORD-KEEPING AND REPORTING OF THE COMPLIANT ACCOUNT.

The DSCC may make all disclosures and reporting of the Compliant Account required by Federal Law for a Federal Committee. The DSCC shall make all disclosures and reporting of the Compliant Account required by Connecticut Law for a State Committee. The SEEC will provide the DSCC with sample contribution certification cards

and campaign finance forms to facilitate filings for the Compliant Account.

3.6 VOLUNTARY PAYMENTS.

a. The DSCC shall make a voluntary payment of Three Hundred and Twenty-Five Thousand (\$325,000) to the General Fund. The DSCC shall make a payment of Forty-Five Thousand dollars (\$45,000) within thirty (30) days of the Effective Date of this Agreement. The remainder of the voluntary payment shall be paid in full on or before September 30, 2018. Beginning on or before September 30, 2016, the DSCC shall pay no less than Thirty-One Thousand One Hundred dollars (\$31,100) each fiscal quarter for nine consecutive quarters until the Three Hundred Twenty-Five Thousand dollar (\$325,000) voluntary payment is paid in full. The DSCC may make payments larger than the minimum quarterly payment but such payment shall not reduce the amount of any other quarterly payment. Each quarterly payment, or other payment, shall be made payable to “Treasurer, State of Connecticut” and delivered to the Office of the Attorney General, 55 Elm Street, Hartford, Connecticut, 06106 and shall reference on the payment check “SEEC Subpoena Enforcement Action.” No portion of the DSCC’s voluntary payment shall be derived from contributions from any Prohibited State Contributors.

b. No individual who was an officer of the DSCC or an officer or candidate of the Malloy Committee during the 2014 election shall be eligible to serve as a treasurer of a candidate committee or be eligible to apply for a grant under the CEP until such time as at least seven quarterly payments and/or \$262,800 has been paid by the DSCC pursuant to this Agreement. No individual who was an officer of the DSCC or an officer or candidate of the Malloy Committee during the 2014 election who was permitted to apply for a CEP grant after the Effective Date of this Agreement shall be eligible to receive funds distributed from

the CEP until at least eight quarterly payments and/or \$ 293,900 has been paid by the DSCC pursuant to this Agreement. A determination by the SEEC that an individual is ineligible to apply for or receive a CEP grant shall not preclude the enforcement of any other remedy established in this Agreement.

3.7 ENTRY OF JUDGMENT ON AGREEMENT AND CONTINUING JURISDICTION.

a. The parties shall jointly apply to the Superior Court for entry of a Stipulated Judgment in the SEEC Subpoena Enforcement Action.

b. The DSCC shall withdraw the DSCC Declaratory Judgment Action with prejudice within ten days of the Effective Date this Agreement.

3.8 ENFORCEMENT ACTIONS AND PAYMENT OF ATTORNEYS' FEES AND COSTS TO PREVAILING PARTY.

If a party to this Agreement believes in good faith that a party has failed to comply with any provision of this Agreement, that party may initiate in the Superior Court proceedings to enforce the Stipulated Judgment and Agreement and shall be entitled to all appropriate legal or equitable relief to redress any violation of the Agreement. Prior to instituting any such proceeding, the party asserting the existence of any such breach or violation(s) shall notify all other parties of the claimed violation(s) of the Agreement, and the parties shall meet and confer to attempt to resolve any dispute over any such asserted breach. This agreement shall be governed by the substantive and procedural laws of the State of Connecticut.

If a complaint is filed with the SEEC regarding actions covered by this Agreement, or if SEEC otherwise needs to investigate an allegation involving the DSCC in the normal course of business, nothing in this Agreement shall preclude

such investigation or the filing and docketing of a complaint with the SEEC. If, upon investigation, the SEEC concludes that a violation of this Agreement has occurred, it will act pursuant to this section. The parties shall continue in full compliance with all provisions of this Agreement that are not affected by any purported legal conflict or non-compliance.

If SEEC is required to commence a legal proceeding in court to enforce any provision of this Agreement against any other party, the SEEC, if a prevailing party in such action, shall be entitled to recover reasonable attorneys' fees and costs from the other party. In addition to any other penalties assessed or any other orders entered by a court for violation of this Agreement, if the DSCC coordinates with a CEP candidate in the future and is found to be in violation of this Agreement with respect to that coordination, the State Committee will be required to re-pay from its State-Only Account(s) or Compliant Account to the Citizens' Election Fund up to the full amount of all CEP grant monies that were received by the coordinating candidate. This remedy shall not preclude the enforcement of any other remedy provided for in this Agreement or under Connecticut Law.

3.9 NO CLAIM OF PREEMPTION.

The DSCC and the Malloy Committee will not assert, in any forum, that compliance with the provisions of this Agreement is barred, preempted or a violation of Federal Law. The DSCC and the Malloy Committee shall not assert, in any forum, that Federal Law precludes the SEEC from exercising its jurisdiction to inquire of, request documents or information from or investigate any person or entity regarding a complaint pending before the SEEC in which there is an allegation that a Connecticut

State or Local candidate, a Connecticut entity, or a Connecticut state or local political party violated Connecticut law.

3.10 DISPOSITION OF PENDING AGENCY PROCEEDINGS.

Within ten days of the Effective Date of this Agreement, this Agreement shall be entered as a Consent Order with the SEEC resolving the Labriola Complaint.

3.11 AGREEMENT BINDING ON SUCCESSORS AND ASSIGNS.

The terms of this Stipulated Judgment and Settlement Agreement shall be binding upon each of the parties, their successors and assigns, and their future officers and Commission members.

3.12 DURATION OF AGREEMENT.

This Agreement shall remain in effect for twenty (20) years or until the United States Congress enacts legislation that expressly preempts the application of Connecticut Law to Connecticut candidates for State or Local office or until a court of competent jurisdiction issues a judicial decision binding on the SEEC that precludes enforcement of this Agreement.

3.13 MODIFICATION.

Any modification of this Agreement shall be effective only if in writing, signed by the parties, or their successors or assigns and then only upon authorization and approval by a vote of the SEEC.

3.14 ATTORNEYS' FEES AND COSTS.

The parties shall each bear their own attorneys' fees and costs incurred in connection with any of the pending matters covered by this Agreement.

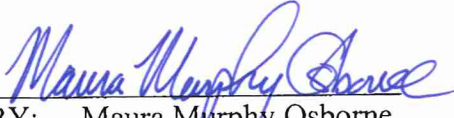
3.15 ENTIRE AGREEMENT.

This Agreement constitutes the entire agreement of the parties and supersedes any and all prior written or oral understandings on the matters covered herein. It fully resolves the parties' dispute in the SEEC Subpoena Enforcement Action and the DSCC Declaratory Judgment Action. It shall be construed as a whole according to its fair meaning, and not strictly for or against any of the parties. Invalidation of a provision or part of this Agreement shall not prevent enforcement of the remaining provisions or parts of this Agreement.

3.16 EFFECTIVE DATE.

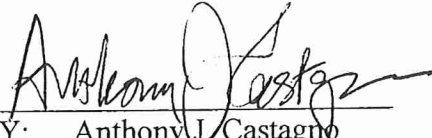
The parties shall submit this Agreement to the Superior Court for the Judicial District of Hartford for approval. This Agreement will become effective and binding on the parties on the date that a final Judgment approving and incorporating this Agreement is entered and becomes final.

CONSENTED AND AGREED TO:



BY: Maura Murphy Osborne,
Juris No. 423915
Assistant Attorney General
Office of the Connecticut Attorney General
55 Elm Street
Hartford, CT 06106
Attorney for:
Connecticut State Elections Enforcement
Commission

Dated June 16 2016



BY: Anthony J. Castagno
Chairman,
State Elections Enforcement Commission
20 Trinity Street
Hartford, CT 06106

Connecticut State Elections Enforcement
Commission

Dated June 15 2016



BY: David S. Golub
Juris No. 023810
Attorney for:
The Connecticut Democratic Party a/k/a The
Connecticut Democratic State Central
Committee

Dated June 15 2016



BY: William M. Bloss,
Juris No. 302902
Attorney for:
Dan Malloy for Connecticut Candidate
Committee

Dated June 15 2016

SO ORDERED:

The Honorable Antonio C. Robaina
Judge of the Superior Court

Dated _____